

**Stakeholder Group
Requests for Information (Part Two)**

Question	Meeting	Strategy	Request for information	Document/Answers
1	8/4/2008	Personnel Expenditures Presentation	Does the payroll cost include future employee retiree costs?	The costs for retirement does not include future employee retiree costs.
2	8/4/2008	Personnel Expenditures Presentation	Have the benefit costs increased because new benefits been added?	Benefit costs have increased because of a variety of reasons, including rising costs of healthare, increase in contribution rates, etc.
3	8/4/2008	Personnel Expenditures Presentation	Has there been any benchmarking to compare benefit costs to other cities?	We have done some benchmarking to compare benefit costs.
4	8/4/2008	Personnel Expenditures Presentation	Do applicable regulations (Civil Service Rights, Collective Bargaining Rights, Property Interest Rights) apply to contract employees?	The applicable regulations (Civil Service Rights, Collective Bargaining Rights, Property Interest Rights) do not apply to contract employees.
6	8/4/2008	Personnel Expenditures Presentation	Does the City Manager poll employees as to what the employees think of their benefit plan? Is this done on an annual basis?	The City Manager does a survey every two years, that does include questions regarding benefits.
7	8/4/2008	Personnel Expenditures Presentation	Just in the Bay Area how many organizations are we competing with to recruit employees?	In just looking at public employers, there are 13 other agencies serving populations of 100,000 or more.
8	8/4/2008	Personnel Expenditures Presentation	What does it cost the City when we have a veteran employee leave the City for a better opportunity? Is the decent retirement pension a factor in why employees stay for a majority of their careers?	This would require significant analysis.
10	8/4/2008	Personnel Expenditures Presentation	Have we done an analysis of the failure rate of recruiting police officers from other cities?	This would require significant analysis.

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12	8/4/2008	Personnel Expenditures Presentation	Have you looked at overtime as it relates to the total cost of each employee? Would it change the cost if the City just hired more employees?	This type of comparison is done on a case-by-case basis. Depending on the workload needs, cost of benefits and retirement, it may be more cost-effective to pay over-time rather than hire a new employee that in the long-term, would cost more to the General Fund.
13	8/4/2008	Personnel Expenditures Presentation	What is the City's retention rate?	For FY 07/08, the City had a turnover rate of 6%. 6% is the number of separations the City had in comparison to the number of FTEs.
14	8/4/2008	Personnel Expenditures Presentation	Because of baby boom population what incentives are you providing to have people stay longer?	The retirement benefit is an incentive to stay longer; particularly the retiree healthcare benefit.
16	8/4/2008	Personnel Expenditures Presentation	In regards to the 1% Increase slide- has the percentage split between GF and Other Funds remained the same since 2000?	In FY 00/01 the budgeted costs for pay and benefits was 74.2% out of the general fund, in FY 08/09 the budgeted costs for pay and benefits is 72.6% out of the general fund
17	8/4/2008	Personnel Expenditures Presentation	In terms of salaries and benefits how does City match up to private sector?	During labor negotiations, the City generally compares salaries and benefits of City employees to other public sector agencies because of inconsistencies across job classifications, responsibilities, etc. when comparing public vs. private sector employers. In addition, the value of benefits such as our defined-benefit pension plan, retiree healthcare benefits, and the job security associated with civil service employment makes it more difficult to make valid comparisons across sectors. The City will be reviewing methods to make accurate comparisons between public vs. private sector employment.
18	8/4/2008	Personnel Expenditures Presentation	For each fiscal year since 1988, please list total personnel expenditures that is a percentage of general fund expenditures.	Information requires significant research.

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19	8/4/2008	Personnel Expenditures Presentation	For each fiscal year since 1978, please list employer and employee contribution rates for each retirement plan.	Information for the past 10 years only is attached.
20	8/4/2008	Personnel Expenditures Presentation	For each fiscal year since 1988, please list end of the year general fund balances.	Information requires significant research.
21	8/4/2008	Personnel Expenditures Presentation	Please provide the general fund balance, unaudited, for fiscal year 2007-2008.	The Annual Report which includes the General Fund balance will be available on October 1, 2008.
22	8/4/2008	Personnel Expenditures Presentation	Please describe cost accounting for use of City Attorney Offices services or services from Office of Employee Relations by individual departments. For example, are the budgets for individual departments charged for services provided by the City Attorneys' Office or the Office of Employee Relations for collective bargaining or labor relations services.	The kind of services noted are considered Central Service Costs that are allocated to each department's budget using a Cost Allocation Plan that allocates these costs (overhead) based on the amount of services the departments are receiving.
23	8/18/2008	Economic Development	Stakeholder would like performance data from our small business customers in regards to the permit turnaround time.	See attached Review Cycle and Process Applications chart.
24	8/18/2008	Economic Development	What is the growth in total City revenues? In reference to Slide 6 "Revenue Impacts of Changing Economy" in your presentation	See attached chart.
25	8/18/2008	Economic Development	What is the growth of the economy since 2000? Are we seeing a shift in regards to where the revenue is coming from?	See attached chart.
26	8/18/2008	Economic Development	There is a discrepancy regarding the percentage of employees in Silicon Valley, 60% in San Jose versus the County's estimate of 41%. Which estimate is right?	SJ has 40% of the County's Jobs (2007 figures) SJ has 55% of the County's Population (2008) 60% of the County's Future Job Growth will be in San Jose

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27	8/18/2008	Economic Development	In regards to slide 8- "Role of Small Business on Economy", The slide shows approx. 42% of economy is driven by companies with 100+ employees. Are we out of norm with the rest of the Country? Belief amongst Stakeholders is that small employers drive our Country's economy.	Large employers account for 14% of companies but generate \$12.5 Billion in gross receipts. Small employers account for 58% of companies but generate \$1.8 Billion in gross receipts. There are more people employed by small companies but large companies generate more gross receipts per employee. (see attached chart)
28	9/22/2008	Review of Budget Strategies Matrix	<p>Stakeholder Suggested Strategy: City increase cost estimates for CIP projects, that are paid for by general obligation bonds, by the amount of funding required to pay for 30 years of physical maintenance.</p> <p><u>Background:</u> Stakeholder contacted Representative Honda's office to inquire about changing the IRS code to allow for G.O. bonds to pay for operation and maintenance costs. Congressman Honda's office referred the request with the congressional research service. According to the congressional research service this is already permitted.</p>	<p>IRS regulations generally require that bonds be issued for capital purposes. There are exception for certain types of "working capital" expenses, but thes would not apply to the issuance of debt to address the maintenance costs over the 30 year life of the improvements being financed.</p> <p>Additionally, when the City issues its bonds, the City must have a reasonable expectation that funds will be expended within three years. The City can avoid IRS regulations if it issues taxable bonds instead of tax-exempt bonds. However, the City will pay a higher interest rate. Further, the State law regulations applicable to general obligation bonds will still apply even if the City issues taxable general obligation bonds.</p>
29	9/22/2008	Review of Budget Strategies Matrix	When is the EMS contract renegotiation process starting?	<p>Anticipated Timeline: Fall 2008 - Spring 2010.</p> <p><u>Fall 2008:</u> Redesign process begins. <u>Winter 08-09:</u> Strategic Visioning. <u>Spring 2009:</u> Counsultant builds RFP. <u>Summer 2009:</u> Bidders Conferene <u>Fall 2009:</u> Proposal review. <u>Winter 2010:</u> Vendor selection. <u>Spring 2010:</u> execution of agreement.</p>

QUESTION 19

Police & Fire Department Retirement Plan (Fire Contribution Rates)

Effective Date	Total City Contribution Rate	Total Employee Contribution Rate
06/29/08	28.31%	12.40%
07/01/07	25.61%	11.26%
07/02/06	25.22%	11.26%
07/03/05	25.04%	11.16%
07/04/04	24.59%	11.16%
06/23/02	14.22%	10.25%
06/25/00	15.70%	9.79%
09/05/99	20.11%	10.22%
08/08/99	19.87%	10.22%
11/15/98	19.82%	10.22%

Source: Retirement Services Department

QUESTION 19

Federated City Employees' Retirement System Contribution Rates

Effective Date	Total City Contribution Rate	Total Employee Contribution Rate
6/29/08	23.56%	8.93%
7/2/06	21.98%	7.58%
7/4/04	17.12%	6.06%
6/23/02	15.20%	5.08%
8/19/01	17.40%	4.96%
6/25/00	16.09%	4.76%
1/11/98	16.52%	5.31%

Source: Retirement Services Department

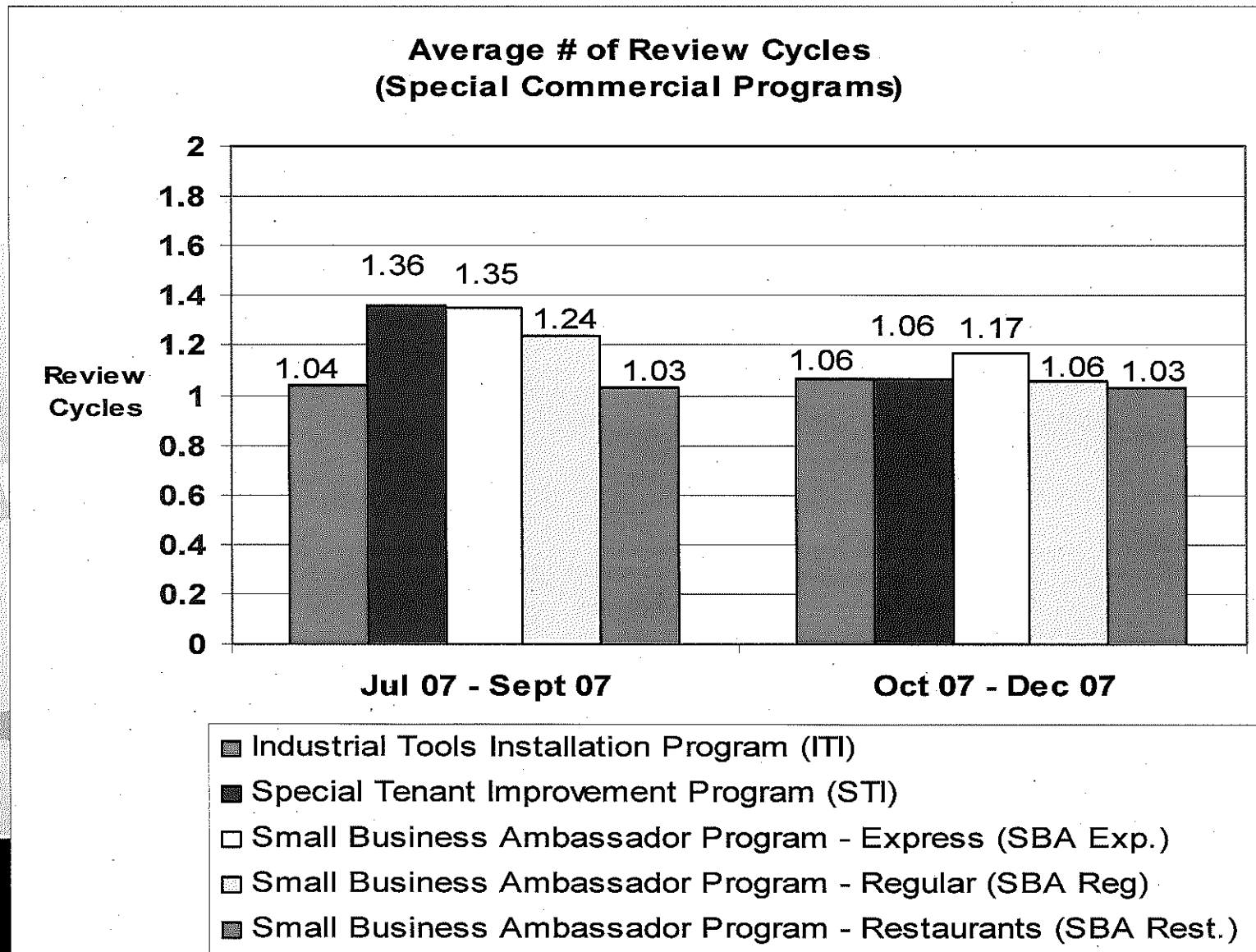
QUESTION 19

Police & Fire Department Retirement Plan (Police Contribution Rates)

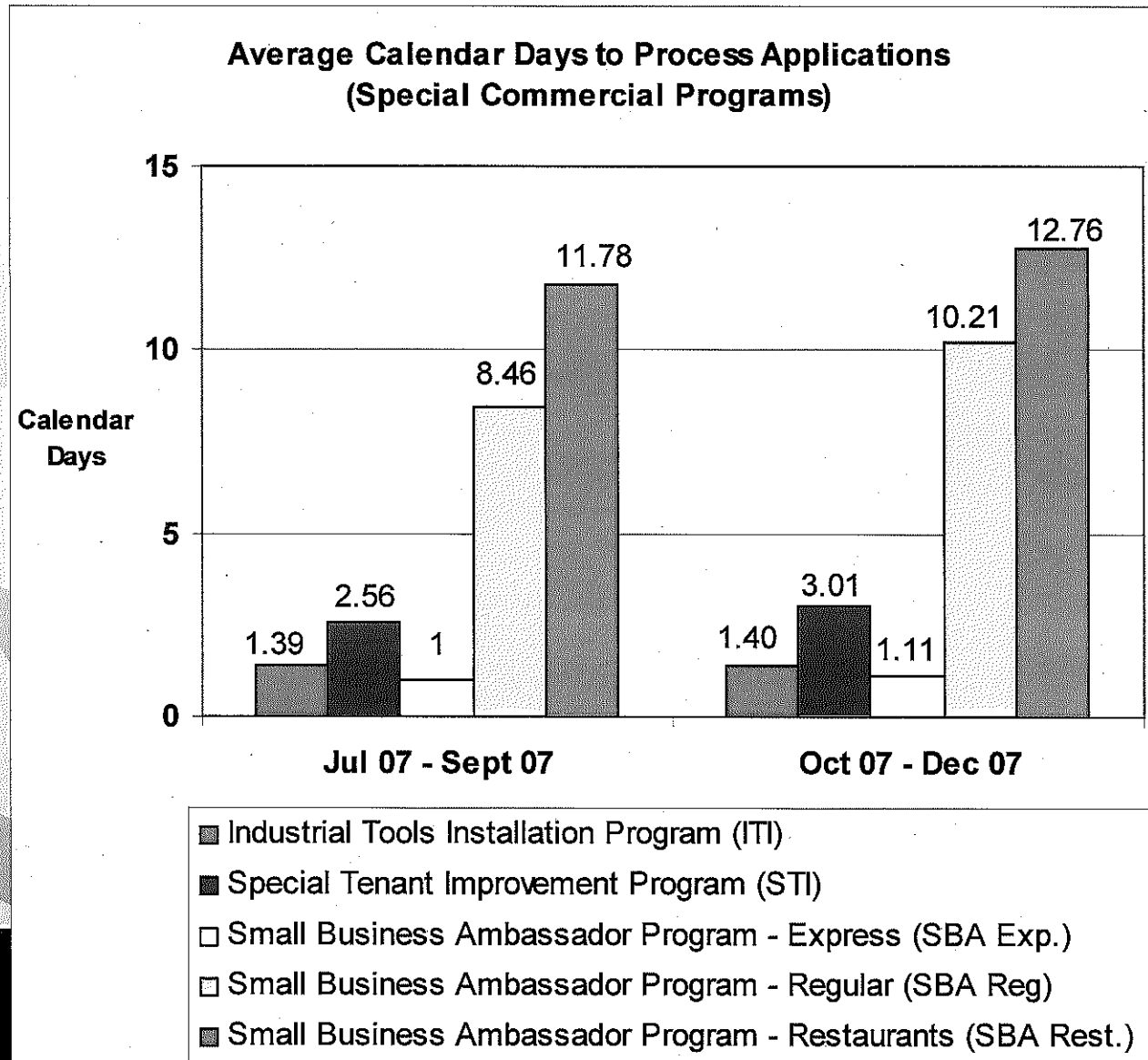
Effective Date	Total City Contribution Rate	Total Employee Contribution Rate
06/29/08	25.80%	11.96%
07/01/07	28.90%	11.67%
12/17/06	28.51%	11.67%
07/02/06	25.22%	11.26%
07/03/05	25.04%	11.16%
07/04/04	24.59%	11.16%
06/23/02	14.22%	10.25%
06/25/00	15.70%	9.79%
09/05/99	20.11%	10.22%
08/08/99	19.87%	10.22%
11/15/98	19.82%	10.22%

Source: Retirement Services Department

Cycle Times Improving for Special Programs



Processing Days-Mixed Results



Areas of City Revenue Growth

	03-04	04-05	05-06	06-07	07-08
Property Tax	95,648,723	144,048,051	143,996,000	183,914,000	198,154,000
Percent Change	2%	51%	0%	28%	8%
Sales tax	130,697,574	133,113,434	135,243,000	144,008,000	152,636,000
Percent Change	3%	2%	2%	6%	6%
TOT	5,711,809	6,408,705	6,450,000	7,600,000	8,988,000
Percent Change	-2%	12%	1%	18%	18%
UTT	68,454,701	73,081,154	67,844,000	76,098,000	79,141,000
	4%	7%	-7%	12%	4%

Source: San Jose Operating Budgets

Gross Metropolitan Product Growth Outpaces Employment

	2001	2002	2003	2004	2005	2006	2007
Real GDP San Jose Metropolitan Area (millions of chained 2001 dollars)	\$119,750	\$111,512	\$112,422	\$118,575	\$124,617	N/A	N/A
Percent Change		-6.9%	0.8%	5.5%	5.1%	N/A	N/A
Average Annual Jobs SJ Metropolitan Area	1,024,900	924,100	876,900	868,700	876,300	897,400	914,300
Percent Change		-9.8%	-5.1%	-0.9%	0.9%	2.4%	1.9%

Source: Bureau of Economic Analysis, CA State EDD

Role of Small Business on National Economy

	Small		Medium		Large
	1-9	10-19	19-99	100-999	1000+
Share of Workers	11%	7%	18%	19%	45%
Share of Companies	58%	10%	11%	7%	14%
Number of Workers	12,337,000	8,246,000	19,874,000	21,644,000	50,300,000
Number of Companies	3,723,000	653,000	693,000	440,000	921,000
Gross Receipts (\$1,000)	\$1.8 b	\$1.1 b	\$2.9 b	\$3.5 b	\$12.5 b

Source: Census Bureau, <http://www.census.gov/epcd/www/smallbus.html> (table 2b)

Role of Small Business on San Jose Economy

	Small		Medium		Large
	1-9	10-35	36-99	100-999	1000+
Share of Workers	28%	15%	15%	23%	19%
Share of Companies	91%	6%	2%	1%	1%
Number of Workers	84,590	44,180	44,990	70,640	56,400
Number of Companies	39,770	2,550	770	310	20
Total Revenue (Prop, Sales, TOT, UTT)	\$29.6 m	\$30.3 m	\$31.3 m	\$72.1 m	\$33.8 m

Source: Business Tax, GRIP Database